

Jeremiah W. (Jay) Nixon
Governor



David Kerr
Director

TO: Governor Nixon

FROM: David Kerr, Director

RE: Targeted Sectors, Strategic Initiatives, and Initial Policy Recommendations

DATE: December 1, 2010

Attached for your review are the Targeted Sectors, Strategic Initiatives, and Initial Policy Recommendations developed through the consensus of the Steering Committee at their November 30 meeting. They reflect the culmination of the following research and surveys:

- Research reports by Market Street Strategies (our consultant) and DED's MERIC (Missouri Economic Research and Information Center).
- Surveys of the Regional Planning Teams, September 21-24, 2010.
- White Papers submitted to the Steering Committee in October.
- Deliberation by the Steering Committee in meetings and surveys.

As you have requested, the Strategic Initiative final report is to be completed by March 31, 2011; therefore, please consider this to be an initial update, which will be followed by much greater documentation and details.

Targeted Sectors

- **Advanced Manufacturing**
 - Niche: Transportation Equipment
 - Niche: Aerospace & Defense
- **Energy Solutions**
- **Bioscience**
 - Niche: Plant & Agricultural Technology
 - Niche: Companion & Feed Animal Science
 - Niche: Biomedical
- **Health Sciences & Services**
 - Niche: Healthcare Innovation
 - Niche: Health Services
 - Niche: Health Sciences
- **Information Technology**
 - Niche: Software, Hardware & Systems Design
 - Niche: Data Centers
 - Technology Resource Centers
- **Financial & Professional Services**
 - Niche: Financial Services
 - Niche: Professional Services
 - Niche: Customer Care
- **Transportation & Logistics**
 - Niche: Freight Haulers
 - Niche: Warehousing
 - Niche: Wholesalers

Strategic Initiatives

1. Missouri will attract, retain, and develop a workforce with the education and skills to succeed in a 21st Century economy.
2. Missouri will support its local developers in the retention and expansion of existing businesses and employers.
3. Missouri will optimize its tax, incentive and regulatory policies to best support the growth of high-value target sectors.
4. Missouri will invest in technology and innovation to attract, launch, and sustain the growth companies of the future.
5. Missouri will aggressively market the state to select domestic and international audiences.
6. Missouri will develop a best-in-class foreign trade initiative.
7. Missouri will develop a culture that encourages small and minority business development and entrepreneurship.
8. Missouri will provide the infrastructure necessary for companies and communities to be successful.

Policy Recommendation #1

Improve Business Incentive Programs

In support of Strategic Initiatives #2, “Retain/Expand Existing Businesses” and #3, “Optimize Policies to Support Target Sectors”, it is recommended that existing policies be modified or new policies initiated to support the “guiding principles” from the Economic Development Tax Credits subcommittee of the Missouri Tax Credit Review Commission, including:

- Positive return on investment;
- Return on investment within a defined time period;
- Focus on primary jobs;
- Reward higher-paying jobs with benefits;
- Consider local participation;
- Flexibility;
- Simplicity;
- Up-front financing;
- Entitlement and discretionary components; and
- Broad applicability.

Additionally, it is recommended that policies be assessed and implemented that addresses regional and cross-state competition in metropolitan areas.

Policy Recommendation #2

Develop a Science and Technology/Innovation Fund

In support of Strategic Initiatives #4, “Invest in Technology and Innovation” and #7, “Stimulate Small Business Development and Entrepreneurship”, it is recommended that existing policies be modified or new policies initiated to address the funding and infrastructure necessary to:

- Support a 21st Century job growth strategy focusing on high-growth industries;
- Leverage and expansion of Missouri’s existing strengths in science and innovation;
- Building the entrepreneurial infrastructure and culture necessary to support the growth of science and innovation companies in Missouri, and support regional strategies.
- Establishing an environment where new Missouri-based companies can grow and existing employers can compete and succeed in Missouri due to the state’s commercialization and entrepreneurial strengths;
- Focus on creating, attracting, retaining, and growing science and innovation companies in Missouri; and
- Facilitation of projects that promote job growth from Missouri’s strengths in science and innovation.

The funds would be utilized for:

- Technology transfer/commercialization;
- Capital formation;
- Projects to address the physical infrastructure needs of science and innovation companies in Missouri;
- Workforce development and talent recruitment;
- Expansion of science and innovation industries; and,
- An opportunity fund to attract major federal or other outside investments.
- Building an entrepreneurial infrastructure and culture.

Policy Recommendation #3

Improve Workforce Development Incentives

In support of Strategic Initiatives #1, “Develop a 21st Century Workforce”, it is recommended that existing policies be modified or new policies initiated to support the streamlining of existing workforce development programs to reflect “best practices” of other recognized states and recommendations from participating companies and site selection consultants.

Such efforts should include the adoption of definitions, application process and reporting requirements that are consistent with business incentive programs and streamline the administrative processes of the existing programs to maximize efficiency while insuring accountability.